

# **CITY OF SAN DIEGO FY 2013 CDBG APPLICATION AND CONTRACTING PROCESS HANDBOOK**

**UPDATED: 11/14/2011**

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**THE CITY OF SAN DIEGO**

**ECONOMIC DEVELOPMENT DEPARTMENT  
COMMUNITY DEVELOPMENT BLOCK GRANT  
(CDBG) PROGRAM**

**FY 2013  
CDBG APPLICATION AND CONTRACTING PROCESS  
HANDBOOK**

**UPDATED: 11/14/2011**

## **IMPORTANT NOTICE FOR APPLICANTS**

Every year, the demand for CDBG funds exceeds the amount available to the City of San Diego. The City is therefore committed to funding projects that are ready to proceed immediately after funds are available and those prepared to spend the approved funds within an eighteen-month period. Unspent funds remaining at the end of the subrecipient agreement term will be presented to the City Council for reprogramming. Plan your proposed projects accordingly.

If approved for funding, agencies may not submit a request to revise the “project category” OR the “project description” listed in the application form. However, the CDBG Program office reserves the right to make revisions to the proposed scope of work/scope of services and/or budget line items during contract negotiations in order to improve/enhance the benefit to low to moderate-income City residents and/or communities to be served.

**Finally, these funds, if awarded, are NOT an on-going source of support. Even if you receive funding this year, there is no guarantee that approved projects will receive funding in subsequent years.**

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## I. INTRODUCTION

The purpose of this handbook is to provide an explanation of the City of San Diego's Community Development Block Grant (CDBG) Program Application process for FY 2013. This handbook provides a general overview of the application process and eligibility/program requirements and is for informational purposes only. It is not intended to be a full disclosure of all applicable federal, state or local rules, regulations or reporting requirements.

The CDBG Entitlement Communities Program provides federal assistance from the U.S. Department of Housing and Urban Development (HUD) to nearly 1,000 of the largest localities in the country. The statutory primary objective of the CDBG Program is the development of viable urban communities, principally for low/moderate income persons, through:

1. Decent housing
2. Suitable living environment
3. Expanded economic opportunity

Since 1974, the CDBG Program has provided a flexible source of annual funding to communities nationwide. The program offers local governments, with citizen participation, the opportunity to improve development priorities, provided that these projects meet one of three national objectives:

1. Benefit low/moderate-income (LMI) persons, OR
2. Prevent or eliminate slums and blight, OR
3. Meet an urgent need.

The City of San Diego has been receiving CDBG funding from HUD since 1975. The City has the authority to carry out all of its CDBG-related activities or award some or all of the funds to private or public nonprofit organizations, as well as, for-profit entities. The City has used these funds to revitalize neighborhoods, expand affordable housing and economic opportunities, and improve community/public facilities and services that benefit low/moderate-income persons. The City must use at least 70% of the entitlement for activities that either directly benefit low/moderate-income persons or serves an area where the majority of the residents are low/moderate-income.

**Regardless of the eligibility criteria, the City has no HUD designated slum or blighted areas nor Urgent Needs area designated by the Federal Emergency Management Agency (FEMA). Therefore, all proposed projects must meet the first National Objective (benefit low/moderate-income persons).**

## II. GENERAL ELIGIBILITY

For the purposes of this application process, the applicant's proposed CDBG activity must comply with an Eligible Activity **AND** a National Objective as detailed below.

**A. Eligible Activities.** The following criteria should be used to determine whether a CDBG-assisted activity complies with one of the basic eligible activities available to be funded in the City of San Diego's FY 2013 CDBG Application process.

- **Public Facilities and Improvements:** To acquire, construct, reconstruct, rehabilitate, or install public facilities and improvements. (Activities under this paragraph may be directed to the removal of material and architectural barriers that restrict the mobility and accessibility of elderly or severely disabled persons to public facilities and improvements). In the CDBG Program, public facilities and public improvements are broadly interpreted to include all improvements and facilities that are either publicly owned or that are traditionally provided by the government, or owned by a nonprofit, and operated so as to be open to the general public. This would include neighborhood facilities, firehouses, public schools, and libraries. Public improvements include streets, sidewalks, curbs and gutters, parks, playgrounds, water and sewer lines, flood and drainage improvements, parking lots, utility lines, and aesthetic amenities on public property such as trees, sculptures, pools of water and fountains, and other works of art. The regulations specify that facilities that are designed for use in providing shelter for persons having special needs are considered to be public facilities (and not permanent housing), and thus are covered under this category of basic eligibility. Such shelters would include nursing homes, convalescent homes, hospitals, shelters for victims of domestic violence, shelters and transitional facilities/housing for the homeless, halfway houses for run-away children, drug offenders or parolees, group homes for the developmentally disabled, and shelters for disaster victims.
- **Public Services:** For the provision of public services (including labor, supplies and materials), including but not limited to those concerned with employment, crime prevention, childcare, health, drug abuse, education, fair housing counseling, energy conservation, welfare (but excluding the provision of income payments), homebuyer down payment assistance, or recreational needs. To be eligible for CDBG assistance a public service must be either a new service or a quantifiable increase in the level of an existing service above that which has been provided by or on behalf of the City in the 12 calendar months before the submission of the action plan. (An exception to this requirement may be made if HUD determines that any decrease in the level of a service was the result of events not within the control of the City.) The amount of CDBG funds used for public services shall not exceed 15% of the City's entitlement amount and program income amount.
- **Direct Financial Homeownership Assistance:** For the provision of financial assistance to low- or moderate-income households to assist them in the purchase of a home. The specific purposes for which financial assistance using CDBG funds may be provided are as follows:

  - (1) subsidize interest rates and mortgage principal amounts, including making a grant to reduce the effective interest rate on the amount needed by the purchaser to an affordable level;
  - (2) finance the cost of acquiring property already occupied by the household at terms needed to make the purchase more affordable;
  - (3) pay all or part of the premium (on behalf of the purchaser) for mortgage insurances required by up-front private mortgagee;
  - (4) pay any or all of the reasonable closing costs associated with the home purchase on behalf of the purchaser; or
  - (5) pay up to 50 percent of the down payment required by the mortgagee for the purchase on behalf of the purchaser.
- **Microenterprise Assistance.** A microenterprise is a business having five or fewer employees, one or more of whom owns the business. To be used for facilitating economic development through the establishment, stabilization and expansion of

microenterprise businesses. This category authorizes the use of CDBG funds to provide financial assistance of virtually any kind to an existing microenterprise or to assist in the establishment of a microenterprise. It also authorizes the provision of:

- (1) technical assistance to a new or existing microenterprise or to persons developing a microenterprise, such as advice and business support services;
- (2) general support to owners of microenterprises or to persons developing a microenterprise, which could include, but not limited to, child care, transportation, counseling, and peer support programs;
- (3) effective FY 2013, Microenterprise Assistance projects will be required to ensure job creation and/or retentions are accomplished as outcome results.

- **Rehabilitation:** To be used to finance the costs of rehabilitation as detailed below.

- (1) Eligible types of property are:

- (a) residential property, whether privately or publicly owned. This includes manufactured housing, when such constitutes part of the community's housing stock;
- (b) commercial or industrial property, but where such property is owned by a for-profit, rehabilitation under this category is limited to exterior improvements of the building and correcting code violations; and
- (c) nonprofit-owned, nonresidential buildings and improvements that are not considered to be public facilities or improvements.

- (2) Eligible types of assistance are:

- (a) costs of labor, materials, supplies and other expenses required for the rehabilitation of property, including the repair or replacement of principal fixtures and components of the existing structures (e.g., the heating system);
- (b) installation costs of sprinkler systems, smoke detectors and dead bolt locks, and other devices for security purposes;
- (c) the costs of initial homeowner warranty premiums and, where needed to protect the City's interest in properties securing a rehabilitation loan, hazard insurance premiums, as well as flood insurance premiums for properties covered by the Flood Disaster Protection Act;
- (d) costs required to increase the efficient use of water and improvements to increase the efficient use of energy in structures such means as installation of storm windows and doors, insulation, and modification or replacement of heating and cooling equipment;
- (e) costs of connecting existing residential structures to water distribution lines or local sewer collection lines;
- (f) costs to remove material and architectural barriers that restrict the mobility and accessibility of elderly and severely disabled persons to building and improvements that are eligible for rehabilitation under this category;
- (g) the costs of installation or replacement of landscape materials, sidewalks, and driveways when incidental to other rehabilitation of the property;
- (h) the conversion of a closed building from one use to another (e.g., the renovation of a closed school building to residential use);
- (i) costs of preserving or restoring properties of historic significance, whether privately- or publicly-owned, (historic properties are those sites or structures that are either listed in or eligible to be listed in the National Register of Historic Places, listed in State or local inventory of historic places, or designated as a State or local landmark by appropriate law or ordinance);



- (j) the cost of evaluating and treating lead based paint whether alone or in conjunction with other rehabilitation;
- (k) staff costs and related expenses required for outreach efforts for marketing the program, rehabilitation counseling, screening potential applicant households and structures, energy auditing, preparing work specifications, loan underwriting and processing, inspections, and other services related to assisting owners, tenants, contractors, and other entities who are participating or seeking to participate in rehabilitation-eligible activities; and
- (l) in some cases, where a business is conducted in a residential unit, it may be necessary to make improvements to the residence in order to conduct the business, such as a child care business, where local requirements dictate that modifications be made.

**B. Eligible Activity Limited to City Applicants.** Prior to the submission of a FY 2013 CDBG Application from a City Department, the project must be approved by Capital Improvement Project Review and Advisory Committee (CIPRAC) and demonstrate ‘shovel/construction ready’. Additionally, the project/activity is limited to the following:

- **Code Enforcement** - This activity requires HUD approval/acceptance of a comprehensive code enforcement plan developed and implemented by the City. The provision of this activity involves the payment of salaries and overhead costs directly related to the enforcement of state and/or local codes. CDBG funds may be used for code enforcement only in deteriorating or deteriorated areas where such enforcement, together with public and private improvements, rehabilitation, or services to be provided, may be expected to arrest the decline of the area. CDBG funds may be used to pay the salaries of inspectors enforcing codes in a designated and/or targeted blighted area being renewed through comprehensive treatment.

### **C. Public Facilities and Public Improvements**

HUD defines “public facilities” and “public improvements” as all improvements and facilities that are either publically owned or traditionally provided by government, or owned by a non-profit and operated to serve the general public. Examples include:

- Sewer and water facilities;
- A senior citizens center;
- Recreation center;
- Day care center;
- Library;
- Streets and sidewalks;
- Curbs and gutters;
- Parking lots; and
- Utility lines

Refer for “Public Facilities and Improvements Section on Page 5 for more details.

**D. Ineligible Activities.** The following are **not** CDBG eligible activities:

1. Buildings for the general conduct of government (e.g., city hall).
2. General government expenses.
3. Political activities.
4. New housing construction, except under certain conditions.
5. Income payments.
6. Bad Debts
7. Commingling of Funds
8. Contingency Funds
9. Fund Raising/Grant Writing
10. Contributions and Donations
11. Entertainment/Agency Events
12. Fines and Penalties
13. Late Fees and Interest
14. Interest and Professional Fees
15. Membership Fees
16. Meeting Attendance Fees
17. Training/Conference Expenses
18. Out of Area Training
19. Gift Certificates/Cash Awards/Gift Cards
20. General Expenses
21. Purchases Paid with Personal Accounts
22. Services for Other City Departments/Agencies
23. Costs for Goods or Services
24. Accelerated Spending
25. Construction or Rehabilitation of:
  - Buildings and facilities for the general conduct of government;
  - Sports arenas, auditoriums, concert halls, cultural and art centers, convention centers, museums, and similar facilities that are used by the general public primary spectators or observers;
  - Private schools, generally including elementary, secondary & colleges, but excluding neighborhood facilities or in which classes in practical/vocational activities may be taught;
  - Airports, public transit, or terminals or stations and other mass transportation facilities;
  - Hospitals and other medical facilities open to the public generally, but excluding a neighborhood facility or senior center in which health services are offered;
  - The purchase of equipment or construction equipment; and
  - Operating and maintenance expenses.

**E. Exception.** The following activities may **not** be funded with CDBG funds, **unless** authorized as a special economic development activity, public services, or program administration:

1. Purchase of construction equipment, fire protection equipment or furnishings and personal property.
2. Operating and maintenance expenses (of public facilities, improvements and services).

**F. National Objectives.** The following criteria should be used to determine whether a CDBG-assisted activity complies with the following national objective as required:

**Benefit to Low/Moderate Income Person.** Activities meeting one of the following criteria will be considered to benefit low- or moderate-income person, unless there is substantial evidence to the contrary.

- **Area Benefit Activities.** An activity that benefits all residents in a particular area, where at least 51% of the residents are low- or moderate-income persons. Such an area need not be coterminous with census tracts or other officially recognized boundaries, but the entire area must be served by the activity. An activity that serves an area that is not primarily residential in character shall not qualify under this criterion. CDBG regulations required documentation of area boundaries served.
- **Limited Clientele Activities.** An activity that benefits a limited clientele, at least 51% of whom are low- or moderate-income persons or benefit a client presumed to be low- or moderate-income persons. Presumed benefit clients are abused children, battered spouses, elderly persons (age 62 years or older), adults meeting the Census Bureau's current Population Reports definition of "severely disabled", homeless persons, illiterate adults, persons living with AIDS, and migrant farm workers. CDBG regulations require the subrecipient to document the demographics and income levels of clientele provided such activities.
- **Housing Activities.** An activity carried out for the purpose of providing or improving permanent residential structures which, upon completion, shall be occupied by 51% low- or moderate-income households. CDBG regulations require the subrecipient to document number of households served, number of units completed and demographics and income level of the household occupying the unit.
- **Job Creation or Retention Activities.** An activity designed to create or retain permanent jobs, where at least 51% of the jobs, computed on a full time equivalent basis, involve the employment of low- or moderate-income persons. CDBG regulations require the subrecipient to document one of the following:
  - (1) for an activity that creates jobs, the recipient must document that at least 51% of the jobs will be held by, or will be available to, low- or moderate-income persons, and
  - (2) for an activity that retains jobs, the recipient must document that the jobs would have been lost without CDBG assistance and that either both the job is known to be held by a low- or moderate-income person or the job can reasonably be expected to turn over within the following two years and that steps will be taken to ensure that it will be filled by, or made available to, a low- or moderate-income person upon turnover.

### III. APPLICATION PROCESS

The FY 2013 CDBG Program Applications is available to the public on Thursday, November 10, 2011. Complete application packets must be submitted to the CDBG Program office on Monday, December 12, 2011 by 5:00 pm.

There are three different applications issued for FY 2013 that may be completed based on the CDBG Eligible Project Activity:

**a) Development/Capital Improvement Projects (Public Facilities/Improvements and Rehabilitation, including Minor Residential Rehabilitation)**

- a) No allocation of CDBG funds will be made to a CIP projects of less than \$100,000 unless funding at a lesser amount is necessary to complete a project within one year;
- b) Applicants are required to demonstrate/document project site control at the time of application submittal through a period of not less than 5 years from the date of proposed project completion;
- c) City Department applicants are required to submit documentation of application submittal approval from CIPRAC;
- d) Documentation of completed bidding process and construction schedule developed must be submitted as part of the application packet for all proposed construction projects;
- e) Applicable prevailing federal wage rates and fringe benefits must be taken into consideration in the determination of the total project budget presented for this application process;
- f) All proposed services must be completed within 18 months of the date of allocation; and
- g) Unexpended funds will be subject to being reprogrammed by the City Council.

**b) Public Services Projects**

- a) No allocation of CDBG funds will be made to Public Service projects of less than \$50,000;
- b) All proposed services must be completed by June 30, 2013.

**c) Community/Economic Development Projects (Direct Homeownership Assistance, Economic Development: Microenterprise Assistance, and Code Enforcement: City Lead Safe Program)**

- a) No allocation of CDBG funds will be made to Community/Economic Development projects of less than \$50,000;
- b) All proposed services must be completed within 18 months of the date of allocation; and
- c) Unexpended funds will be subject to being reprogrammed by the City Council.

**Applicants requesting funding for more than one project/eligible CDBG activity must complete and submit a separate application for each project/eligible CDBG activity.**

**Fiscal Policies and Procedures**

The CDBG Program cannot advance any funds for any CDBG-funded projects to the contracted Agency:

- a) The City cannot draw from the Federal government, until there is eligible supportive documentation and statistical/programmatic reports supporting expenditures.
- b) The City is not advanced any funds from HUD.
- c) Reimbursements are processed after the expenditures are documented and requested through the reimbursement request form process.

**THREE (3) MONTH RULE (See FY2012 Operating Manual Pages 21-22)**

The three (3) month rule is used as a guideline to determine whether an Agency is solvent and has enough available cash to take a CDBG project from beginning to end in the twelve (12) or eighteen (18) months allowed in the executed Contract.

CDBG projects should not harm the day-to-day operations of the Agency, so enough funds must be available for both purposes. This rule was implemented to ensure that the Agency has the capital to execute Agency operations and the CDBG project on a reimbursement basis. The turnaround of funds for any project on a reimbursement basis is estimated to be 3 months as shown below:

- One (1) month to expend funds on the project,
- One (1) month to report the expended funds with proper supportive documents due on the 15<sup>th</sup> (monthly) or 30<sup>th</sup> (annually for final project submission), and
- One (1) month for the City to review documents, resolve issues, and pay Agency by mail or transfer of funds to Agency banking institution.

The most recent completed fiscal/calendar year MUST be submitted before the final contract can be executed. An Agency should have the financial statements available five (5) months after their fiscal year end;

Example:

- 1) If the Agency's fiscal year ends 6/30/10 then the Agency should have the financial statements available 5- 6 months later in December 2010/January 2011 or
- 2) If the fiscal year ends 12/31/10 then the Agency should have financial statements available 5- 6 months later May 2011/June 2011.

Cash balance from the most recent Financial Statement Balance Sheet presented with the application will be used to compute the 3 month rule. This is used for the following reasons:

- 1) The opinion represents a certified independent view of the Agency's cash status for the past year and the current year;
- 2) Reserved funds, investments, receivables, loans, pledges, or lines of credit with the bank are not used to determine cash per (GAAP);
- 3) The cash flow statement is also reviewed to determine solvency and track cash patterns;

Tax forms are reviewed for the following purposes:

- 1) Form 199- proves status compliance with the State that agency is in good standing ,
- 2) Form 990- for the Federal exemption allowance for donations or contributions on the IRS tax forms, and
- 3) To assure they match the financial statements.

Applications must include all financial statements and taxes required with an unqualified opinion of the external CPA firm. These forms must be the most recent completed fiscal/calendar year financial statements.

EXAMPLE:

- 1) If the Agency's fiscal year ends in June, submit the last fiscal year's financial documents with the application.
- 2) If the Agency's fiscal year ends in December, submit the previous fiscal year's financial documents with the application, then provide the last fiscal year's financial document, before a contract will be issued.

Required are:

- a) Financial Statement with unqualified audit opinion;
- b) Single Audit with audit opinion (if all federal funding expended exceeds \$500,000);
- c) 990 Federal Tax form for the most recent fiscal year end; and
- d) 199 State Tax Form for the most recent fiscal year end.

If Agencies have not submitted all of the most recent completed fiscal/calendar year financial statements and taxes required for the application to meet the three (3) month rule, then a contract cannot be negotiated until this requirement is met. If when these forms are received, they do not support the three month rule of cash, the amount requested may need to be revised or the amount will be reprogrammed in the next reprogramming Council hearing.

Agency must prove that the sustainability of the agency will not be compromised by obligating the agency to accept the CDBG funding and spending rules to spend in a timely manner that completes the project in 12 or 18 months per contract. CDBG should not be the only funds the agency is receiving per OMB A-122. Other rules are as follows:

- 1) Agencies may not charge expenditures to a credit card or borrow the funds and expect the City to reimburse expenses based on the charge card statement or to the person/institute loaning the funds.
- 2) The CDBG Program cannot pay any Agency's approved vendor directly as the CDBG contract is executed with only the Agency.
- 3) Agencies are also prohibited from advancing or loaning CDBG funds received from the City to any individual or organization for any purpose, project, or activity.
- 4) Premature commitment or expenditure of funds for proposed activities is prohibited. Project costs will not be eligible for CDBG reimbursement, if they have been committed or spent prior to Environmental Clearance AND execution of the Contract. Receipts and Invoices dated prior to the agreed upon contract start date will not be accepted for reimbursement.

**All applicants must attend one session of the application workshop, as applicable to the proposed activity, in order to be eligible to submit an application. Confirmation of attendance will be based on the Sign-In Sheets that will be required to be completed by each workshop attendee. Grant writers' and/or any other third-party attendance at the workshops, in lieu of applicant staff, is not accepted. Applicant program and fiscal staff are required to attend the workshops, as applicable.**

Applicant attendance at the appropriate mandatory workshop will need to be confirmed by the CDBG Program Office, prior to scheduling of a "one-on-one technical assistance" meeting with CDBG Program staff. Applicants will need to indicate whether program and/or fiscal assistance will be needed.

#### **FY 2013 CDBG Application Submissions**

Completed application packets may be submitted by mail or hand delivered to the City's CDBG Program Office. Any applications received after **December 12, 2011, 5:00 PM** will not be considered for funding. Faxed, e-mailed, incomplete and/or late applications will not be accepted.

Please refer to the Application Submittal Checklist to ensure your application packet is complete. **DO NOT include program literature or other miscellaneous information in your application packet, other than what is described on the checklist.**

### **CDBG PROGRAM APPLICATION REVIEW**

CDBG Program staff will review all applications for eligibility and will provide notification to applicants of any eligibility issues. A Secondary Review Process has been included as part of this application process. Any applicant who feels their application has been wrongly determined to be ineligible by not meeting the application requirements may submit written feedback to the CDBG Program Administrator by the designated deadline. The written feedback should include specific details and/or additional documentation that address the issues identified. **This Secondary Review Process does not provide applicants with an opportunity to replace ineligible project activities with new proposed project activities, nor does it ensure that ineligible determinations will be overturned.**

Upon conclusion of the Secondary Review Process, CDBG Program staff will forward a copy of all FY 2013 CDBG Applications determined to have met the application eligibility and requirements to the Consolidated Plan Advisory Board Review for scoring and funding recommendations. The applications will be placed into binders and categorized under the Consolidated Plan Goals in the order of City Council priority.

### **CONSOLIDATED PLAN ADVISORY BOARD APPLICATION REVIEW AND SCORING**

The Consolidated Plan Advisory Board will convene sub-committees to review the FY 2013 CDBG Applications. The sub-committees will review the eligible applications utilizing the approved FY 2013 CDBG Application Scoring Criteria. Each committee member may, at any time during their review, request for and receive information regarding the Secondary Review Process.

All meetings convened by the Advisory Board to discuss the FY13 Application or the results of the scoring, will be made public by notifying in advance, all applicants through email. The Public Notice will include the time, date, and location of such meeting(s).

### **FY 2013 CDBG APPLICATION SCORING CRITERIA**

SECONDARY REVIEW (To be completed by CDBG Program staff prior to Board Review.)		YES	NO
The application packet required a secondary review by staff.  (NOTE: If a secondary review was required, the checklists and/or notes completed by CDBG Program staff are available to the Board upon request.)			

ADVISORY BOARD CONDITIONS TO SCORE APPLICATIONS (To be completed by the Advisory Board Members.)		YES	NO
1.	Activity/Project meets one of the City's Consolidated Plan Goals		
2.	CDBG funds are an appropriate resource for the project.		
3.	For CIP Applications, demonstrates that the project complies with both of the following from Council Policy 700-02: <ul style="list-style-type: none"> <li>No allocation of CDBG funds will be made to a capital project of less than \$100,000, unless funding at a lesser amount is necessary to complete a project and the project will be completed within 18 months.</li> <li>All CDBG funds allocated to projects shall be used within 18 months of the date of the allocation, or such funds will be subject to reprogramming by the City Council.</li> </ul>		
4.	For Public Service Applications, demonstrates that the project complies with both of the following: <ul style="list-style-type: none"> <li>Services can be implemented by July 1, 2012.</li> <li>Proposed services and outcomes will be completed by June 30, 2013.</li> </ul>		
5.	For Community/Economic Development Applications, demonstrates that the project complies with both of the following: <ul style="list-style-type: none"> <li>Proposed services and outcomes will be completed within one year from scheduled start date.</li> <li>Per Council Policy 700-02, all CDBG funds allocated to projects shall be used within 18 months of the date of the allocation, or such funds will be subject to reprogramming by the City Council.</li> </ul>		
6.	For Direct Services Projects, applicant provides evidence of sustainability for future program years.		



The following table lists the maximum score an applicant can receive, along with the review criteria for each section. For these sections, we suggest a close review of your application response in regards to the review criteria below.

<b>MAXIMUM POINTS</b>  <b>100</b>	<b>APPLICATION REVIEW CRITERIA</b>
15	<p>1. RELATIONSHIP TO CONSOLIDATED PLAN GOALS</p> <p>(a) Activity/Project meets a high level ranked priority set by City Council for FY 2013</p> <p>(b) Activity/Project addresses one of the unmet Consolidated Plan goals</p>
20	<p>2. PROJECT BENEFIT TO LOW AND MODERATE INCOME (LMI)</p> <p>(a) Activity/Project and program office is located in, and provides services and is accessible to LMI City residents within an eligible CDBG census tract</p> <p>(b) Activity/Project and services are accessible to City residents located within the highest LMI concentration census tracts</p> <p>(c) A high percentage of the people served through the activity/project are low income, City of San Diego residents</p>
20	<p>3. PROJECT OUTCOMES/EFFECTIVENESS</p> <p>(a) Provides a clear description of each objective to be achieved and is consistent with the scope of the project</p> <p>(b) Provides a clear description of the target population for each objective</p> <p>(c) Provides a high benefit to the San Diego communities in relation to the amount of funds and type of service</p> <p>(d) Demonstrates how outcomes will impact the population and/or community affected by an unmet need</p> <p>(e) Demonstrates that each objective can be achieved within the FY 2013 period</p> <p>(f) Each objective listed is supported by clear measurement methods and appear to be achievable</p> <p>(g) Applicant offers a new, needed or unduplicated service; access to an existing service by new clients who did not previously have access; or, if seeking increased funding, demonstrates that the increase is justifiable for the services that will be provided to LMI City residents</p>

20	<p><b>4. PROJECT ACTIVITIES/TIMELINESS</b></p> <ul style="list-style-type: none"> <li><b>(a)</b> Provides a clear description of the scope of the project and details the specific tasks/activities to be accomplished; it is a well-defined project with an achievable implementation plan</li> <li><b>(b)</b> Project does not charge client fees or clearly provides proper justification for any client fees charged</li> </ul> <p>For CIP Projects, the factors will consist of the following as applicable (max 20 points):</p> <ul style="list-style-type: none"> <li><b>(c)</b> Developer/construction manager to be utilized has previous development/construction experience with similar type construction activity funded with federal funds</li> <li><b>(d)</b> Construction timeline and schedule well-documented</li> <li><b>(e)</b> Construction is ready to start pending the selection and award of the general contractor within ninety (90) calendar days from the CDBG contract execution</li> <li><b>(f)</b> Project scope addresses identified and documented health, safety, and/or ADA problems</li> <li><b>(g)</b> Clearly demonstrates how the completed work will be maintained for a period of not less than five (5) years after termination of Agreement with the City</li> </ul> <p>For Direct Services Projects, the factors will consist of the following as applicable (max 20 points):</p> <ul style="list-style-type: none"> <li><b>(h)</b> Demonstrates a clear alignment or connection between the needs identified and the intended objectives/results</li> <li><b>(i)</b> Provides the number of unduplicated clients to receive each identified service</li> <li><b>(j)</b> Annual cost per client is justifiable</li> <li><b>(k)</b> Project scope addresses unmet needs and is not duplicative of other services</li> <li><b>(l)</b> Demonstrates collaborative efforts with other service providers in the area to maximize benefit to clients served</li> </ul>
15	<p><b>5. ORGANIZATIONAL CAPACITY/CAPABILITY/TRACK RECORD</b></p> <ul style="list-style-type: none"> <li><b>(a)</b> Identifies staff responsible for ensuring project oversight and evaluation, as well as what evaluation tools will be used</li> <li><b>(b)</b> Demonstrates quality methodology and capacity to evaluate the success of the proposed project and whether each objective was accomplished</li> <li><b>(c)</b> Demonstrates management and fiscal staff resources with skills, experience and/or appropriate credentials to administer and conduct an accountable and responsible project</li> <li><b>(d)</b> Clearly demonstrates quality experience and accomplishments in providing services to LMI City residents and/or communities</li> </ul>

	<p>(e) Demonstrates evidence/documentation of acceptable and accountable management and financial systems that minimize any opportunity for fraud, waste or mismanagement (i.e. conflict of interest policy is enforced, the Board of Directors includes diverse community representation, well-established sound fiscal management system, ability to identify/track CDBG funds/clients assisted separately from other funding sources, etc.)</p> <p>(f) Provides confirmed evidence of successful past project performance or success in initiating, maintaining, and completing similar projects or projects of similar magnitude with CDBG funds and/or other funding sources; consistently met its program goals</p> <p>(g) Demonstrates appropriate level of licensing or site control</p>
10	<p>6. BUDGET JUSTIFICATION &amp; LEVERAGE OF FUNDS</p> <p>(a) Provides a budget that is clearly detailed, well-defined and clearly supports the proposed scope of the project</p> <p>(b) The CDBG funds requested represents less than 50% of the overall project or activity costs, budget and cost estimates are well documented</p> <p>(c) Provides secured documented funding from other sources to implement the project on July 1, 2012</p>

The following represents a summary timeline for the City's FY 2013 CDBG Application process:

11/10/11	<p>FY 2013 CDBG Application available as follows:</p> <p>a) Distributed via E-mail to contacts maintained by the CDBG Program;</p> <p>b) CDBG Program Website: <a href="http://www.sandiego.gov/cdbg/apps">http://www.sandiego.gov/cdbg/apps</a> (PDF files for viewing only);</p> <p>c) Request submitted to: <a href="mailto:CDBG@sandiego.gov">CDBG@sandiego.gov</a>;</p> <p>d) Request submitted by phone: (619) 236-6476;</p> <p>e) Request submitted in person or via letter: CDBG Program Office 1200 Third Avenue, Suite 1400 San Diego, CA 92101</p>
<p>11/16/11, Wednesday</p> <p>2 Sessions</p>	<p>FY 2013 CDBG Application Workshop: Public Services Projects <u>AND</u> Community/Economic Development Projects</p> <p>a) 10:00 am – 12:00 pm</p> <p>b) 1:30 pm – 3:30 pm</p> <p>War Memorial Auditorium 3325 Zoo Drive San Diego, CA 92101</p>

	NOTE: Applicants will need to select the morning session <u>OR</u> the afternoon session when submitting an RSVP for attendance.
11/17/11, Thursday @ 2:00 pm	<p><b><u>CITY DEPARTMENT APPLICANTS ONLY</u></b></p> <p>FY 2013 CDBG Application Workshop (All Categories)</p> <p>CDBG Program Office 1200 Third Avenue, Suite 1400 San Diego, CA 92101</p>
11/18/11, Wednesday  2 Sessions	<p>FY 2013 CDBG Application Workshop: Development/Capital Improvement Projects</p> <p>c) 10:00 am – 12:00 pm d) 1:30 pm – 3:30 pm</p> <p>War Memorial Auditorium 3325 Zoo Drive San Diego, CA 92101</p> <p>NOTE: Applicants will need to select the morning session <u>OR</u> the afternoon session when submitting an RSVP for attendance.</p>
11/21/11- 12/08/11	<p>FY 2013 CDBG Application One-on-One Technical Assistance:</p> <p><b><u>Available By Appointment Only</u></b> to applicants that have attended the applicable Mandatory FY 2013 Application Workshop session.</p> <p>a) Request submitted to: <a href="mailto:CDBG@sandiego.gov">CDBG@sandiego.gov</a>; b) Request submitted by phone: (619) 236-6476</p> <p>Location: CDBG Program Office 1200 Third Avenue, Suite 1400 San Diego, CA 92101</p>
11/28/11, Monday  2 Sessions	<p>FY 2013 CDBG Application Workshop: Development/Capital Improvement Projects</p> <p>e) 10:00 am – 12:00 pm f) 1:30 pm – 3:30 pm</p>

	<p>War Memorial Auditorium 3325 Zoo Drive San Diego, CA 92101</p> <p>NOTE: Applicants will need to select the morning session <u>OR</u> the afternoon session when submitting an RSVP for attendance.</p>
<p>11/30/11, Wednesday</p> <p>2 Sessions</p>	<p>FY 2013 CDBG Application Workshop: Public Services Projects <u>AND</u> Community/Economic Development Projects</p> <p>g) 10:00 am – 12:00 pm h) 1:30 pm – 3:30 pm</p> <p>War Memorial Auditorium 3325 Zoo Drive San Diego, CA 92101</p> <p>NOTE: Applicants will need to select the morning session <u>OR</u> the afternoon session when submitting an RSVP for attendance.</p>
<p>12/01/11, Thursday @ 2:00 pm</p>	<p><b><u>CITY DEPARTMENT APPLICANTS ONLY</u></b></p> <p>FY 2013 CDBG Application Workshop (All Categories)</p> <p>CDBG Program Office 1200 Third Avenue, Suite 1400 San Diego, CA 92101</p>
<b>12/12/11</b>	<b>FY 2013 CDBG Applications due to CDBG Program Office by 5:00 pm</b>
12/19/11- 01/05/12	Applicable agencies notified of "non-compliance" or "ineligible" status determinations based on CDBG Program staff review of FY 2013 CDBG Application packets; <b><u>Applicants will have up to five (5) working days to address all issues identified, based on the date the notification is sent by the CDBG Program Office</u></b>
12/19/11- 01/20/12	<b>FY 2013 CDBG Application - Secondary Review Process</b>
Late JAN/ Early FEB, 2012*	FY 2013 CDBG Application Binders distributed to Consolidated Plan Advisory Board members containing copies of eligible applications for review and scoring.
FEB, 2012*	Proposed FY 2013 CDBG Application scores submitted to CDBG Program Office
MAR, 2012*	Proposed FY 2013 CDBG Program funding recommendations to be presented to Public Safety and Neighborhood Services (PS&NS) Committee
MAR, 2012*	Public Hearing - FY 2013 CDBG Program funding recommendations to be presented to City Council for approval
MAR, 2012*	Letter to be sent to CDBG Applicants regarding FY 2012 CDBG allocations
MAR, 2012*	Draft FY 2012 Annual Action Plan to be completed
MAR-APR, 2012*	Public Notice: Draft FY 2012 Annual Action Plan public comment period
MAR-APR,	Draft FY 2013 Annual Action Plan tentatively scheduled to be presented to:

2012*	1) Designated Community Planning Groups serving low/mod neighborhoods 2) San Diego Housing Commission
MAR-APR, 2012*	FY 2013 CDBG Contract Packet Workshop
APR, 2012*	Draft FY 2013 Annual Action Plan presented to PS&NS Committee
MAY, 2012*	Draft FY 2013 Annual Action Plan scheduled to be presented to City Council for approval
05/13/12	Deadline for submission of the City's FY 2013 Annual Action Plan to HUD

\*Tentative (specific dates to be determined)

#### IV. CONTRACTING PROCESS

After the City Council approves the project allocations of the FY 2013 CDBG funds, a contract packet workshop will be scheduled. **All funded applicants shall be required to submit contract packets to the CDBG Program office by a designated deadline.**

Once the required contract packet is submitted, CDBG Program staff will review the documents to verify completeness, accuracy, and to re-affirm eligibility of proposed project activities and/or budgets for any changes presented, in comparison to the information included in the FY 2013 CDBG Application Packet. Contract packets confirmed as meeting project activity and budget requirements will then be forwarded to an assigned Project Manager, who will be responsible for administration/management of funded projects.

Organizations whose projects are approved for funding shall be required to enter into a contract with the City of San Diego for implementation of the funded activity. This contract shall contain provisions, which will ensure compliance with all federal, state, and local laws and regulations. **It should be noted that the City's FY 2013 CDBG contract boilerplate is not subject to revision. Additionally, it is highly recommended that the applicant's Board of Directors review the current FY 2012 contract boilerplate to ensure your agency will accept and comply with such referenced terms, regulations and/or requirements, prior to submitting an application. NOTE: Additional terms, regulations and/or requirements may be included in the City's FY 2013 CDBG contract boilerplate.**

#### V. CDBG-FUNDED PROGRAM REQUIREMENTS

##### A. Environmental Clearances

All CDBG-funded projects must undergo environmental review in accordance with the National Environmental Policy Act (NEPA). As a result, **the NEPA review is required to be completed for all CDBG-funded projects, before written contracts can be executed.** The assigned Contract Administrator or Project Manager will initiate this process.

CDBG Program staff and/or Engineering and Capital Projects (E&CP) staff will determine the level of environmental processing required. Depending on the type of project, a 20 to 45 day public comment period may be required within the environmental review process. The project and its associated permits may also require approval from other City bodies such as the Planning Commission, Park and Recreation Board, etc.

In addition, funded projects may also require environmental clearance from the City's Development Services Department (DSD). DSD issues certain discretionary permits and provides environmental assessments as required under the California Environmental Quality Act (CEQA).

**B. Federal Labor Standards Provisions (Davis-Bacon Act)**

This applies to any construction, rehabilitation, alteration, or repair, including painting, flooring, and decoration, in an amount of \$2,000 or more, any part of which is federal money. The prevailing federal wage rates and fringe benefits are effective as of the date of the advertisement for bids. Davis-Bacon wage rate schedule is available on the internet ([www.wdol.gov](http://www.wdol.gov)).

Workers must be paid weekly and certified payrolls submitted in the prescribed format. The payrolls must include details of each worker's job classification, hours worked, and wages and benefits paid. Certified payrolls will be reviewed as soon as they are received and compared to the appropriate federal wage decision. Any discrepancies must be resolved immediately.

Workers shall be interviewed on the job site regarding appropriate job classification and wage and benefits received. City staff will coordinate with subrecipients when scheduling worker interviews. Employee interviews will be compared to the appropriate federal wage decision. Any discrepancies must be resolved immediately.

**C. Relocation**

All acquisition of real property, rehabilitation, demotion, conversions, permanent easements requiring relocation of families, individuals, businesses, nonprofits, or farms are to be conducted in accordance with the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (Uniform Act or URA). If CDBG funds are used for any part of the project, agencies must comply with the URA, even if local or other non-CDBG funds are used to pay the acquisition costs. The City does not recommend that agencies apply for this activity due to the time constraints involved in the purchase of a property in California, AND executing an agreement with the City of San Diego.

**D. Section 3 Compliance**

The requirements for Section 3 of the Housing and Urban Development Act of 1968, as amended (Section 3) applies to capital projects and housing development projects that exceed \$200,000 in HUD funding. Subcontractors receiving an excess of \$100,000 from projects required to comply with Section 3 shall also be required to comply with Section 3 requirements. These requirements shall be listed in the CDBG Agreement.

**E. Section 504 Compliance**

All agencies shall comply, and require its Subcontractors to comply, with any Federal regulations issued pursuant to compliance with Section 504 of the Rehabilitation Act of 1973, which prohibits discrimination against persons with disabilities in any federally assisted program. **Beginning FY 2012, the CDBG Program office will be conducting monitoring site visits at various selected agency locations to specifically review compliance with Section 504 and ADA requirements.**

Section 504 states that "no qualified individual with a disability in the United States shall be excluded from, denied the benefits of, or be subjected to discrimination under" any program or activity that receives Federal financial assistance.

Requirements common to these regulations include program accessibility; effective communication with people who have hearing or vision disabilities; and accessible new construction and alterations.

Section 504 of the Rehabilitation Act of 1973 prohibits discrimination against persons with disabilities in the operation of programs receiving Federal financial assistance. HUD regulations implementing Section 504 contain accessibility requirements for new construction as well as requirements for ensuring that the programs themselves are operated in a manner that is accessible to and usable by persons with disabilities. (See 24 CFR Part 8) Further information concerning compliance with any of these requirements may be obtained through the HUD web page:

<http://portal.hud.gov/portal/page/portal/HUD/programdescription/sec504>

The Office for Civil Rights (OCR) enforces Section 504 of the Rehabilitation Act of 1973, 29 U.S.C. § 794. Section 504 obligates recipients of federal financial assistance to ensure that persons with disabilities have equal access to their programs, services, activities, and facilities.

A recipient of Federal financial assistance may not, on the basis of disability:

- Deny qualified individuals the opportunity to participate in or benefit from federally funded programs, services, or other benefits.
- Deny access to programs, services, benefits or opportunities to participate as a result of physical barriers.



**Covered entities must not, on the basis of disability:**

- Exclude a person with a disability from a program or activity;
- Deny a person with a disability the benefits of a program or activity;
- Afford a person with a disability an opportunity to participate in or benefit from a benefit or service that is not equal to what is afforded others;
- Provide a benefit or service to a person with a disability that is not as effective as what is provided others;
- Provide different or separate benefits or services to a person with a disability unless necessary to provide benefits or services that are as effective as what is provided others;
- Apply eligibility criteria that tend to screen out persons with disabilities unless necessary for the provision of the service, program or activity.

**Covered entities must:**

- Provide services and programs in the most integrated setting appropriate to the needs of the qualified individual with a disability;
- Ensure that programs, services, activities, and facilities are accessible
- Make reasonable modifications in their policies, practices, and procedures to avoid discrimination on the basis of disability, unless it would result in a fundamental alteration of the program;
- Provide auxiliary aids to persons with disabilities, at no additional cost, where necessary to afford an equal opportunity to participate in or benefit from a program or activity;
- Designate a responsible employee to coordinate their efforts to comply with Section 504 and the ADA;
- Adopt grievance procedures to handle complaints of disability discrimination in their programs and activities;
- Provide notice that indicates:
  - That the covered entity does not discriminate on the basis of disability;
  - How to contact the employee who coordinates the covered entity's efforts to comply with the law; and
  - Information about the grievance procedures.

**F. Fair Housing**

All agencies shall comply, and require its subcontractors to comply, with Title VIII of the Civil Rights Act of 1968 (Civil Rights Act), as amended, which prohibits discrimination in the sale, rental and financing of dwellings, and in other housing-related transactions based on race, color, national origin, religion, sex, familial status

(including children under the age of 18 living with parents or legal custodians, pregnant women, and people securing custody of children under the age of 18), and disability. In addition, Agencies shall comply with the regulations issued following Title VI of the 1964 Civil Rights Act (as amended by Executive Orders 11246, 11375, and 12086) and Section 109 of the 1975 Housing and Community Development Act that prohibits discrimination in HUD programs based on sex, race, color, national origin, and religion and administer all programs and activities in a manner to affirmatively further the policies of the Fair Housing Act. **Beginning FY 2012, the CDBG Program Office will be requiring all agencies to post Fair Housing materials/brochures at the program locations. Beginning FY 2012, the CDBG Program office will be conducting monitoring site visits at various selected agency locations to specifically review compliance with Section 504 and ADA requirements. Stickers will also be available to advertise in the windows of all program locations.**

#### **G. Sectarian Control or Influence**

Contractors shall ensure that all programs and activities undertaken pursuant to the contract are free of sectarian control or influence, and that no monies, property, materials or services that are provided under the contract are applied to religious establishment or purpose. **NOTE: Faith-Based Organizations are eligible to compete for CDBG funding on an equal footing with any other organization. However, organization may not use direct CDBG funds to support inherently religious activities such as worship, religious instructions, or proselytization. CDBG funds can only be used to pay for activities attributable to CDBG activities and the organization must serve all eligible beneficiaries without regard to religion. As further clarification, any portion of the facility improved with CDBG funds must be limited to secular activities and cannot be shared with parishioners.**

#### **H. Political Activity Prohibited**

Contractors shall not use or permit to be used any funds, property, materials or services that are directly or indirectly authorized by the contract for any partisan political purpose or activity, or to further the election or defeat of any candidate for public office.

#### **I. Political Affairs or Activities**

“Political affairs or activities” as used herein mean the expenditure of funds and/or use of personnel in a support or advocacy role concerning any matter currently pending or being proposed by a vote of the people or enactment by any legislative body of the City or County of San Diego, State of California, or the Federal Government.

**J. Conflict of Interest**

The Agency must comply with all federal, state, and local conflict of interest laws, regulations, and policies applicable to public contracts and procurement practices. Agencies shall ensure that no person shall be employed under the Agreement if that person or member of the person's immediate family serves on a board or committee that has the authority to make personnel decisions that could affect the person's job, and no persons shall be employed if a member of the person's immediate family would have supervisory authority over that person. A member of the immediate family includes spouse, children, mother father, sister, brother and the in-laws of any of these persons. In addition, subcontracts or lease agreements shall not be awarded to any person employed by the agency, or to any member of the person's immediate family, without prior approval by the City.

**K. Use of Real Property**

The standards listed under 24 CFR 570.505 shall apply to all real property within the recipient's control which was acquired or improved in whole or in part using CDBG funds in excess of \$25,000. These standards shall apply from the date CDBG funds are first spent for the property until five years after closeout of an owner's participation in the entitlement CDBG program or, until five years after the closeout of the grant from which the assistance to the property was provided.

**L. Assurance of Audit Requirements**

Agencies awarded with Community Development Block Grant (CDBG) funding that expend \$500,000 or more in total Federal financial assistance in a year shall be responsible for obtaining an independent audit in accordance with the Single Audit Act of 1984 and OMB Circular A-133 as referenced in 24 CFR 84.26. The computation of the total of such assistance includes all Federal funds received by the entire entity. For purposes of determining the amount of Federal assistance expended, all Federal assistance should be considered, including that which is received directly from a Federal agency, or passed through a state or local government, or through non-profit organizations, or any combination thereof. If a subrecipient expends less than \$500,000 per year in Federal financial assistance, it is exempt from Federal audit requirements. However, the subrecipient must still have records available for review by HUD or the City, and must comply with the CDBG Program audit requirements.

**M. Playing by the Rules Handbook**

Agencies receiving CDBG funds must adhere to **all** Federal requirements set forth in the Playing by the Rules Handbook, as provided through the City's CDBG Program.

**VI. CDBG-FUNDED FISCAL REQUIREMENTS**

**Cost Allocation Plan** – used to demonstrate the CDBG funding and all other sources of funding that the Agency receives that may be used toward the CDBG-funded project. This plan must be updated as changes occur in the funding of the project during the period of the executed Contract. During any monitoring visits, the CDBG staff will review the latest cost allocation plan for all funding sources to be used on the project to determine if costs are allocated and equal to 100% in each line item of the budget. Cost allocations will be required from all Agencies to assure:

1. Agencies that have budgeted line items that are not 100% charged as a direct cost to the project should have a consistent, reasonable basis for allocating expenses for those budgeted line items.
2. Agencies with more than one project should set up a separate cost center in its books for each project. Transactions that can be readily identified as directly benefiting one specific project should be charged to that project. For transactions that benefit more than one project, Agencies should develop a cost allocation system that documents the reasonable basis for determining the proper percentage of cost identified for each project.
3. In developing a cost allocation system, the fundamental concept is that of full costing. Each cost center must bear the full cost of its operation. For example, if the Agency is operating two projects out of one leased facility, and each project uses one third of the space, with the remaining third being common areas and administrative offices equally supporting both programs, then each project should pay half the rent on the facility.
4. A reasonable allocation basis should be developed for each category of support expense. Square foot usage may be the most appropriate basis for allocation of insurance, space cost, utilities and janitorial services. Salaries or number of employees in each project may be used as the basis for allocating costs such as office supplies, photocopying, telephone and accounting services. Administration costs (including administrative-staff) may be allocated on the basis of each project total cost to total Agency costs.

#### **A. REPORTING REQUIREMENTS/REIMBURSEMENT PROCESS**

##### **Monthly Program and Fiscal Reports**

Funded agencies shall be required to maintain records on clients as well as other records necessary to document all services provided and/or activities conducted. Using the primary and secondary records, Agencies shall prepare and submit a Monthly Programmatic Report for each applicable reporting period and submit that report on or before the 15<sup>th</sup> day of each month. In addition, Agencies may also be required to submit a Client Demographics form, as applicable.

The City shall reimburse funds based upon reporting information submitted by the Agency. Expenditures must be consistent with the approved budget, as stated in the executed contract between the City and the Agency. **Only eligible expenses will be approved for reimbursements.** Agencies must submit reimbursement requests monthly and should follow the City's reimbursement procedures to ensure timely expenditure reimbursements. The fiscal reports shall be submitted to the City in the prescribed format on or before the 15<sup>th</sup> day of each month to cover the transactions of the previous month.

Assigned Project Managers shall review all programmatic reports and supporting documentation, as applicable. Programmatic reports will be reviewed for eligibility, completeness and accuracy.

The CDBG Fiscal Unit shall review all reimbursement requests and supporting documentation for eligibility, completeness and accuracy, prior to approving the reimbursement requests for processing. Only those items included in the approved budget, or through an approved budget amendment, shall be eligible for reimbursement.

**NOTE: An allocation of CDBG funds does not authorize the implementation of project services or expenditure accrual. Only an executed written agreement or a memorandum of understanding (MOU) with the City of San Diego authorizes these activities. ANY PROJECT SERVICES/ACTIVITIES PROVIDED/IMPLEMENTED, OR EXPENDITURES ACCRUED AND/OR INCURRED, PRIOR TO THE START DATE OF THE EXECUTED FY 2013 CONTRACT WILL NOT BE ELIGIBLE FOR REIMBURSEMENT WITH CDBG FUNDS.**

#### **B. Year-End Report**

All agencies shall be required to submit year-end reports at the close of each fiscal year, regardless of the start and end dates listed in the executed Agreement. The year-end reports to be submitted by July 30, 2013 and will include the following:

- Year-End Programmatic Report
- Year-End Client Demographics Report
- Financial Summary Report
- OMB Circular A-133 Certificate of Compliance
- Audit Reports
- Property Records Report
- Final List of Funding Sources
- Indirect Costs/Administrative Overhead Schedule

### **VII. MONITORING**

HUD requires monitoring of subrecipient agencies on an annual basis. Monitoring is an on-going process of reviewing performance using Agency data to make judgments about Agency performance and to assist in improving that performance, when applicable.

The fiscal and program compliance monitoring performed by the CDBG Program staff is different from an annual audit. Monitoring is not an audit of the agency, but rather is focused on the “project” that is CDBG-funded. The City shall periodically monitor records of Agencies, typically one to two times per year. Program and fiscal monitoring may be scheduled concurrently and in some cases, CDBG staff may also make unannounced visits. An unannounced site visit is based on a specific monitoring purpose, such as verification of project hours and other Agreement compliance concerns.

A written report detailing the results of the program and/or fiscal monitoring shall be sent to the Agency. If the report contains any findings and/or concerns, the Agency shall be required to submit a written response to the monitoring report.

## **VIII. RECORDS**

### **A. General/Administrative**

All agencies shall maintain, and require its subcontractors to maintain, all administrative and financial records required in connection with the provision of activities/services required by the Scope of Work/Scope of Services of the executed Agreement. In addition, Agencies shall maintain, and require its subcontractors to maintain complete and accurate accounting records in accordance with Generally Accepted Accounting Principles (GAAP) in the industry.

### **B. Accounting Records/Books of Account**

The following is a list of the books of account and records considered to be the minimum required for recording transactions relating to the City-funded project. Agencies may establish any additional accounting records in considers necessary to provide adequate financial control of its assets and liabilities and to account for project costs. Agencies shall maintain the following books of account:

1. General Ledger
2. Cash Receipt Register
3. Cash Disbursements Register
4. Petty Cash Records
5. Cost Control Ledger and Subsidiary Ledger
6. General Journal
7. Payroll Records
8. Bank Reconciliation Records
9. Property Records

### **C. Program Records**

Agencies shall maintain project data collection systems that clearly demonstrate the Agency's capability of having project activities and services tracked and validated. Agencies are required to maintain verifiable records on client and client services. Program records maintained must document compliance with CDBG eligibility criteria specified by HUD guidelines. Hard copies must be available to support reliable internal controls over client records.

## **IX. COMPLIANCE WITH APPLICABLE LAWS, RULES, AND REGULATIONS FOR HUD PROGRAMS**

CDBG programs are subject to numerous Federal and local requirements. This includes, but is not limited to those that are listed below. Additional requirements can be found in the CDBG regulations on HUD's website ([www.hud.gov](http://www.hud.gov)) and the City's CDBG Program website ([www.sandiego.gov/cdbg](http://www.sandiego.gov/cdbg)). Applicants are encouraged to familiarize themselves with these requirements to ensure their organization has the adequate administrative systems in place.

- **24 CFR Part 570, as amended** - The regulations governing the Community Development Block Grant Program.

- **Fair Housing Act** - Title VIII of the Civil Rights Act of 1968 (Fair Housing Act), as amended, prohibits discrimination in the sale, rental, and financing of dwellings, and in other housing-related transactions, based on race, color, national origin, religion, sex, familial status (including children under the age of 18 living with parents or legal custodians, pregnant women, and people securing custody of children under the age of 18), and disability.
- **24 CFR Part 1 and 6, Public Law 90-284, Fair Housing Act** - The regulations issued following Title VI of the 1964 Civil Rights Act (as amended by Executive Orders 11246, 11375, and 12086) and **Section 109** of the 1975 Housing and Community Development Act that prohibits discrimination in HUD programs based on sex, race, color, national origin, and religion and administer all programs and activities in a manner to affirmatively further the policies of the Fair Housing Act.
- **24 CFR Part 7 and 41, CFR Part 60** – The regulations on equal employment opportunity without regard to race, sex, color, religion, age, national origin, and disability in federally assisted construction projects.
- **ADA Compliance** – Shall comply with the applicable provisions of the Americans with Disabilities Act (42 U.S.C. 12101-12213) and implementing regulations at 28 CFR Part 35.
- **Section 504 of the Rehabilitation Act of 1973, 24 CFR Part 40 and 41** - The regulations that set forth policies and procedures for the enforcement of standards and requirements for accessibility to individuals with disabilities. The Architectural Barriers Act of 1968 and the American with Disabilities Act (ADA) provide additional laws on accessibility and civil rights to individuals with disabilities.
- **Age Discrimination Act of 1975 (42 U.S.C. 6101)** - The regulations that prohibit discrimination on the basis of age.
- **24 CFR Part 135** – Regulations outlining requirements of Section 3 of the Housing and Urban Development Act of 1968 providing for economic opportunities for low and very low income local residents. All projects funded with CDBG funds must comply with Section 3 of the Housing and Urban Development Act of 1968, revised, requiring that to the greatest extent feasible opportunities for training and employment be given to low and moderate-income persons residing within the City of San Diego, and that contracts or works in connection with the project be awarded to eligible business concerns which are located in or owned in substantial part by persons residing in the City of San Diego. Special documentation is required for funding over \$100,000.
- **29 CFR Part 3 and 5** - The regulations on labor standard provisions that include the payment of prevailing wages on federally assisted projects as mandated by the Davis-Bacon Act and the Contract Work Hours and Safety Standards Act. **CFR 24 Part 70** provides information on the use of volunteers.
- **Copeland “Anti-Kickback” Act (18 U.S.C. 874 and 40 U.S.C. 276c)** – The regulations on contracts for construction or repair awarded by subrecipients shall include a provision for compliance with the Copeland “Anti-Kickback” Act.
- **24 CFR Part 58** – The regulations prescribing the Environmental Review procedure under the National Environmental Policy Act of 1969.
- **National Flood Insurance Act of 1968, 24 CFR Part 55 under Executive Order 11988** – The regulations for proposed projects and properties located in a floodplain.
- **36 CFR Part 800** – The regulations outlining the procedures for the protection of historic and cultural properties.
- **Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970** – These policies provide for displacement, relocation assistance, and real property acquisition

as defined by 42 U.S.C. 4601 (URA) (42 U.S.C. 4601), and implementing regulations issued by the Department of Transportation at 49 CFR Part 24 and Section 104(d) of the Housing and Community Development Act of 1974 (42 U.S.C. 5304d).

- **Residential Lead Based Paint Hazard Reduction Act of 1992** - The regulations implemented by 24 CFR Part 35, Subpart B imposes certain requirements on disclosure of lead base paint hazards.
- **24 CFR Part 24** – The regulations that prohibit use of debarred or suspended contractors on federally assisted projects and Drug Free Workplace requirements; issued according to Executive Order 12459.
- **24 CFR Part 84 and OMB Circular A-110** – Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals and Non-Profit Organizations. These regulations include the Conflict of Interest provision 24 CFR 84.42 and 570 as it applies to procurement.
- **OMB Circular A-87** – Establishes principles and standards for determining allowable costs under Federal grants.
- **OMB Circular A-122** – The regulations that identify cost principals for non-profits.
- **OMB Circular A-133** – The regulations concerning annual audits for agencies receiving federal awards. This includes the single audit requirement for agencies that expend \$500,000 or more of federal awards during the fiscal year.
- **HUD requirements** - All other required reports, circulars, and procedures when applicable.
- **Administrative Procedures** – The rules issued by the City in relation to process and procedures.
- **Insurance** – The City requires all entities receiving funding to provide proof of insurance. A handout of these requirements will be distributed at the application workshops.

To find the Code of Federal Requirements (CFR), OMB Circulars, and Executive Orders go to these websites:

CFR: [www.gpoaccess.gov/cfr/index.html](http://www.gpoaccess.gov/cfr/index.html)

OMB Circulars: <http://www.whitehouse.gov/omb/circulars/>

Executive Orders: [www.archives.gov/federal\\_register/executive\\_orders/executive\\_orders.html](http://www.archives.gov/federal_register/executive_orders/executive_orders.html)

HUD Website: [www.hud.gov](http://www.hud.gov)

City CDBG Website: [www.sandiego.gov/cdbg](http://www.sandiego.gov/cdbg)

Fair Housing Act: <http://www.hud.gov/offices/fheo/FHLaws/>

Section 504: <http://www.hud.gov/offices/fheo/disabilities/sect504.cfm>

Section 3: <http://www.hud.gov/offices/fheo/section3/section3.cfm>

Census Tract Finder:

[http://factfinder.census.gov/servlet/AGSGeoAddressServlet?\\_programYear=50&\\_treeId=420&\\_lang=en&\\_sse=on](http://factfinder.census.gov/servlet/AGSGeoAddressServlet?_programYear=50&_treeId=420&_lang=en&_sse=on)

Davis-Bacon Act: [www.wdol.gov](http://www.wdol.gov)



X.

## City of San Diego LMA-CDBG Eligible 2000 Census Tracts

**IMPORTANT: THE NEW CENSUS DATA WILL BE CHANGING DURING FY 2012. SHOULD YOUR PROJECT FALL OUT OF AN ELIGIBLE CENSUS TRACT, THEN YOUR FUNDS ARE SUBJECT TO REPROGRAMMING.**

To find if an address is in an eligible census tract, access the website below, enter the address and compare with the list contained in the following page.

[http://factfinder.census.gov/servlet/AGSGeoAddressServlet?\\_programYear=50&\\_treeId=420&\\_lang=en&\\_sse=on](http://factfinder.census.gov/servlet/AGSGeoAddressServlet?_programYear=50&_treeId=420&_lang=en&_sse=on)

District 1		
	Census Tract	L/M Pop %
1	83.05	64.75
2	170.35	51.48
District 2		
	Census Tract	L/M Pop %
1	51.00	82.10
2	52.00	67.42
3	53.00	67.47
4	56.00	76.61
5	57.00	74.36
6	58.00	71.26
7	59.00	56.93
8	62.00	62.21
9	65.00	58.72
10	66.00	82.78
11	75.01	56.00
District 3		
	Census Tract	L/M Pop %
1	9.00	70.20
2	10.00	56.11
3	11.00	55.68
4	12.00	71.04
5	13.00	65.50
6	15.00	58.67
7	16.00	76.27
8	17.00	71.05
9	18.00	68.82
10	21.00	67.21
11	22.01	87.32
12	22.02	86.43
13	23.01	76.68
14	23.02	82.52
15	24.01	77.49
16	24.02	82.83
17	25.01	77.27
18	25.02	60.29
19	26.01	80.84
20	26.02	77.90
21	28.03	61.04
22	34.01	57.62
23	44.00	55.61

District 5		
	Census Tract	L/M Pop %
1	83.59	56.76
2	94.00	61.04
3	207.09	57.14
4	207.10	75.00
5	208.01	52.38
District 6		
	Census Tract	L/M Pop %
1	86.00	73.53
2	87.01	53.89
3	88.00	59.05
4	91.02	53.69
5	92.01	62.86
District 7		
	Census Tract	L/M Pop %
1	27.02	58.12
2	27.03	57.87
3	27.07	87.14
4	27.08	87.72
5	27.09	88.65
6	27.10	77.49
7	28.01	57.14
8	28.03	61.04
9	29.04	60.51
10	29.05	55.56
11	94.00	61.04
12	95.08	68.53
District 8		
	Census Tract	L/M Pop %
1	36.01	81.69
2	36.02	83.86
3	36.03	85.44
4	39.01	81.55
5	39.02	82.63
6	40.00	86.09
7	41.00	75.65
8	45.01	75.47
9	45.02	75.34
10	46.00	66.93
11	47.00	88.61
12	48.00	90.22

24	56.00	76.61
<b>District 4</b>		
1	27.06	66.69
2	30.04	70.52
3	31.01	53.47
4	31.03	55.21
5	31.11	70.18
6	31.12	52.37
7	32.01	56.68
8	33.01	69.70
9	33.02	78.82
10	33.03	79.62
11	34.01	57.62
12	34.03	73.85
13	34.04	84.86
14	35.01	81.89
15	35.02	73.43

13	49.00	83.38
14	50.00	78.22
15	51.00	82.10
16	100.05	67.18
17	100.09	73.14
18	100.10	51.55
19	100.12	77.20
20	100.13	84.74
21	100.15	76.50
22	101.03	67.13
23	101.06	66.19
24	101.07	53.37
25	101.11	63.23
26	101.12	72.31
27	133.08	98.73

**XI.**

**FY 2012  
HUD INCOME LIMITS  
FOR CITY OF SAN DIEGO**

FAMILY SIZE	EXTREMELY LOW INCOME LIMITS (0-30% of median)	VERY LOW INCOME LIMITS (31-50% of median)	LOW/MODERATE INCOME LIMITS (51-80% of median)
1	\$0 - \$17,200	\$17,201 - \$28,700	\$28,701 - \$45,850
2	\$0 - \$19,650	\$19,651 - \$32,800	\$32,801 - \$52,400
3	\$0 - \$22,100	\$22,101 - \$36,900	\$36,901 - \$58,950
4	\$0 - \$24,550	\$24,551 - \$40,950	\$40,951 - \$65,500
5	\$0 - \$26,550	\$26,551 - \$44,250	\$44,251 - \$70,750
6	\$0 - \$28,500	\$28,501 - \$47,550	\$47,551 - \$76,000
7	\$0 - \$30,450	\$30,451 - \$50,800	\$50,801 - \$81,250
8	\$0 - \$32,450	\$32,451 - \$54,100	\$54,101 - \$86,500

**NOTE: The HUD Income Limits for the City of San Diego will be updated for FY 2013 during mid-Spring 2012.**

## **XII. DEFINITIONS**

### OMB Circulars:

Instructions or information issued by the Office of Management and Budget

### City of San Diego Municipal Code:

Contains all ordinances for the City of San Diego

### Consolidated Plan:

Prepared every three to five years with updates required annually. The purpose of the Consolidated Plan is: 1) To identify a city's or state's housing and community development (including neighborhood and economic development) needs, priorities, goals and strategies; and 2) To stipulate how funds will be allocated to housing and community development activities. The current approved Plan covers FY 2010-FY2014.

### Unduplicated Client:

A client refers to a person served by the funded project. Clients may receive multiple units of service per year from one project. Regardless of the number of units of service per year received by the client, the client is tracked and reported as one unduplicated client.

### Head of Household

A person is considered Head of Household if he/she is legally unmarried (including certain married persons who live apart) or is legally separated and meets the requirements set forth in "A" or "B" below:

- A. He/she pays more than half the cost of keeping up a home which was the principal residence of his/her father or mother whom he/she claims as a dependent.
- B. He/she pays more than half the cost of keeping up a home in which he/she lives and in which one of the following also lives all year (except for temporary absences for vacation or school):
  - 1. His/her unmarried child, grandchild, foster child, or stepchild. (This person does not have to be his/her dependent.)
  - 2. His/her dependent child, grandchild, foster child, or stepchild.
  - 3. Any other person listed below whom he/she can claim as a dependent.

Grandparent	Brother	Sister
Stepbrother	Stepsister	Stepmother
Stepfather	Mother-in-Law	Father-in-Law
Brother-in-Law	Sister-in-Law	Son-in-Law
Daughter-in-Law	Uncle (Blood)	Aunt (Blood)
Nephew (Blood)	Niece (Blood)	

NOTE: If he/she received payments under the Temporary Aid to Needy Families (TANF) program and used them to pay part of the cost of keeping up his/her home, he/she may not count these amounts as furnished by him/her.

### Ethnic Groups

The two ethnic categories as revised by the OMB are defined as follows:

1. Hispanic or Latino - A person of Cuban, Mexican, Puerto Rican, South or Central American, or other Spanish culture or origin, regardless of race. The term, "Spanish Origin," can be used in addition to "Hispanic or Latino."
2. Not Hispanic or Latino - A person not of Cuban, Mexican, Puerto Rican, South or Central American, or other Spanish Culture or original, regardless of race.

### Racial Categories

Definitions for the Five Racial Categories as revised by the OMB are as follows:

1. White - A person having origins in any of the original people of Europe, the Middle East or North Africa.
2. Black or African American - A person having origins in any of the black racial groups of Africa. Terms such as "Haitian" or "Negro" can be used in addition to "Black" or "African American."
3. Asian - a person having origins in any of the original peoples of the Far East, Southeast Asia, or the Indian subcontinent including, for example, India and the Philippines Islands.
4. American Indian or Alaska Native - A person having origins in any of the original peoples of North and South America (including Central America), and who maintains tribal affiliation or community attachment.
5. Native Hawaiian or other Pacific Islander - A person having origins in any of the original peoples of Hawaii, Guam, Samoa, or other Pacific Islands.

### Presumed Low/Moderate Income Persons

This includes the following: abused children, battered spouses, elderly persons (62 years or older), severely disabled adults (as defined by the Bureau of Census), homeless persons, illiterate adults, persons living with AIDS, and migrant farm workers.

### Census definition of "severely disabled"

Persons are classified as having a severe disability if they:

- a. Used a wheelchair or another special aid for six months or longer;
- b. Are unable to perform one or more "functional activities" or need assistance with activities of daily life such as getting around the home, bathing, cooking, eating, and toileting. It includes seeing, hearing, having one's speech understood, lifting and carrying, walking up a flight of stairs, and walking;
- c. Are prevented from working at a job or doing housework; or
- d. Have a selected condition including autism, cerebral palsy, Alzheimer's disease, senility or dementia, or mental retardation.

Persons under 65 years of age and who are covered by Medicare or receive SSI are also considered to have a severe disability.

Microenterprise: A business having five or fewer employees, one of whom owns the business.

### HUD Recognized Job Categories:

1. **Officials and Managers** - Occupants requiring administrative personnel who set broad policies, exercise overall responsibility of execution of these policies, and individual departments or special phases of a firm's operations. This includes: Officials, Executives,

middle management, plant managers and superintendents, salaried supervisors who are members of management, purchasing agents and buyers, and kindred workers.

2. **Professional** -Occupants requiring either college graduation or experience of such kind and amount as to provide a comparable background includes: accountants and auditors, airplane pilots and navigators, architects, artists chemists, designers, dietitians, editors, engineers, lawyers, librarians, mathematicians, natural scientists, registered professional nurses, professional and labor relations workers, physical scientists, physicians, social scientists, teachers, and kindred workers.
3. **Technicians** -Occupants requiring a combination of basic scientific knowledge and manual skill which can be obtained through about 2 years of post-high school education such as is offered in many technical institutions and junior colleges, or through equivalent on the job training. This includes: computer programmers and operators, drafters, engineering aides, junior engineers, mathematic aides, licensed practical or vocational nurses, photographers, radio operators, scientific assistants, surveyors, technical illustrators, technicians (medical, dental, electronic, physical science) and kindred workers.
4. **Sales** -Occupants engaging wholly or primarily in direct selling. This includes: advertising agenda and sales workers; insurance agents and brokers; real estate agents and brokers; sales workers; demonstrators and retail sales workers; and sales clerks, grocery clerks and cashiers; and kindred workers.
5. **Office and Clerical** -Includes all clerical-type work regardless of level of difficulty, where the activities are predominantly non-manual though some manual work not directly involved with altering or transporting the products is included. This includes: bookkeepers, cashiers, collectors (bills and accounts), messengers and office helpers, office machine operators, shipping and receiving clerks, stenographers, typists, and secretaries, telegraph and telephone operators, and kindred workers.
6. **Craft Worker (skilled)** - Manual workers of relatively high level having a thorough and comprehensive knowledge of the processes involved in their work. Exercise considerable independent judgment and usually receive an extensive period of training. This includes: the building trades, hourly paid supervisors and lead operators (who are not members of management), mechanic and repairers, skilled machining occupations, compositors and typesetters, electricians, engravers, job setters (metal), motion picture projectionists, pattern and model makers, stationary engineers, tailors, and kindred workers.
7. **Operatives (semi-skilled)** - Workers who operate machines or other equipment or perform other factory-type duties of intermediate skill level which can be mastered in a few weeks and require only limited training. This includes: apprentices (auto mechanics, plumbers, electricians, machinists, mechanics, building trades, metal working trades, printing trades, etc.), operatives, attendants (auto service and parking), blasters, chauffeurs, delivery workers, dress makers and sewers (except factory), dryer's furnaces workers, heaters (metal), laundry and dry cleaning, operatives, milliners, mine operatives and laborers, motor operators, oilers and greasers (except auto), painters (except construction and maintenance), photographic process workers, boiler tenders, truck and tractor drivers, weavers (textile), welders and flame metals workers, and kindred workers.
8. **Laborers (unskilled)** -Workers in manual occupations which generally require no special training perform elementary duties that may be learned in a few days and require the application of little or no independent judgment. This includes: garage laborers; car washers and greasers; gardeners (except farm) and ground keepers; stevedores; wood choppers; laborers performing lifting, digging, mixing loading, and pulling operations; and kindred workers.

9. **Service Workers** -Workers in both protective and non-protective service occupations. This includes attendants (hospital and other institutions, professional and personal service, including nurse aides and orderlies), barbers, chairworkers and cleaners, cooks (except household), counter and fountain workers, elevator operators, firefighters and fire protection guards, door keepers, stewards, janitors, police officers and detectives, porters, waiters and waitresses, and kindred workers.

Project Closeout:

The Project Closeout is the process by which the CDBG Program determines that all required work under the executed Agreement has been completed. This means that all financial, administrative and performance issues related to the activities undertaken by the Agency must be resolved to the satisfaction of the CDBG Program and the Agency.

Program Income:

Program income is the gross income received by the grantee and its subrecipients directly generated from the use of federal funds.

- Program income includes:
  - ✓ Proceeds from the sales or lease of property purchased or improved with federal funds;
  - ✓ Proceeds from the sale or lease of equipment purchased with federal funds;
  - ✓ Gross income from the use or real or personal property acquired, constructed or improved by the grantee (or a subrecipient), less costs incidental to the generation of income;
  - ✓ Payments of principal and interest on loans made using federal funds;
  - ✓ Interest earned on program income pending its disposition (NOTE: interest earned on revolving loan funds, as described below, must be remitted to the U.S. Treasury at least annually); and
  - ✓ Funds collected through special assessments on properties not owned and occupied by LMI households in order to recover the CDBG portion of a public improvement.
- Program income does not include:
  - ✓ Income earned on grant advances from the U.S. Treasury;
  - ✓ Payments made by subrecipients of principal and/or interest on CDBG- funded loans received from grantees if such payments are made using program income received by the subrecipient:
  - ✓ Any income received in a single program year by the grantee *and* its subrecipients, that does not exceed \$25,000; and
  - ✓ Income generated by certain Section 108 activities (refer to 570.500(a)(4) (ii));
  - ✓ Proceeds from subrecipients fundraising activities;
  - ✓ Funds collected through special assessments to recover non-federal outlays of capital improvements; and
  - ✓ Proceeds from the disposition of real property by a subrecipient that was acquired or improved with CDBG funds five years after the termination of the grant agreement with the subrecipient. Certain conditions apply. Refer to 570.503(b)(8).

**FY 2013 CDBG APPLICATION AND CONTRACTING PROCESS HANDBOOK  
CERTIFICATION**

**\*\*\*This page must be signed and submitted along with the FY 2013 application packet\*\*\***

**Signature and Certification:**

**The undersigned hereby acknowledges receipt of the FY 2013 CDBG Application and Contracting Process Handbook and understands the City of San Diego CDBG Program's material presented within.**

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Name of Agency

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Signature of Authorized Signing Official/Representative

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Date

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Printed/Typed Name of Authorized Signing Official/Representative